

Message Text

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41

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-07

/078 W

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P 191629Z JUN 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 6961

LIMITED OFFICIAL USE BUENOS AIRES 4529

E.O. 11652: N/A

TAGS: ETRN, AR

SUBJECT: CIVAIR-BILATERAL RELATIONS

REF: A. STATE 128507, B. BUENOS AIRES 4364, C. STATE 120003

1. SUMMARY. EMBASSY BELIEVES PROPOSAL CONTAINED PARA 2, REF C, IS SUITABLY MODIFIED, MAY HAVE BBOD RECEPTION WITH ARGENTINES ALTHOUGH SITUATION PRESENTS CERTAIN RISKS FOR US INTERESTS IN FUTURE. APPLICABLE FACTORS CONTAINED DTDY OF THIS MESSAGE. ACTION REQUESTED. THAT DEPARTMENT PROVIDE FOLLOW-ON INSTRUCTIONS FOR EARLY PRESENTATION TO GOA. END SUMMARY

2. EMBASSY'S INDIRECT SOURCES INDICATE AEROLINEAS HAS ABANDONED PLAN TO INITIATE 747 SERVICE IN NEAR FUTURE FOR REASONS MENTIONED PARA 4, REFTEL B AND HAS NOTIFIED BOEING IT WISHES TO CANCEL OR DELAY REQUEST FOR 747. DEPARTMENT SHOULD CHECK THIS INFORMATION, IF POSSIBLE, DIRECTLY WITH BOEING. IN OUR VIEW, THIS DEVELOPMENT DOES NOT MEAN THAT GOA AND AEROLINEAS WILL BE UNINTERESTED IN MAKING DEAL WHICH WOULD ENABLE AEROLINEAS ADD THREE OR MORE FREQUENCIES IN NEAR FUTURE. AEROLINEAS APPARENTLY RETAINS HIGH INTEREST IN INCREASING ITS SERVICE AND WE BELIEVE THERE MAY BE A GOOD CHANCE THAT PREVIOUS US PROPOSAL OR SOMETHING CLOSELY SIMILAR, INCLUDING AT LEAST THREE ADDITIONAL FREQUENCIES FOR US AIRLINES, WILL NOW BE ACCEPTED

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BECAUSE OF AEROLINEAS PRESSURE ON DNTAC.

3. IF BOEING CONFIRMS OUR UNDERSTANDING AEROLINEAS WISHES AT LEAST DELAY RECEIPT 747S, US SHOULD CONSIDER, AFTER CONSULTATIONS WITH PAN AM, WHETHER OUR REQUEST SHOULD NOW ENVISAGE PAN AM 747 SERVICE DURING PRESENT CALENDAR YEAR. SUGGEST CHECK WITH PAN AM CONCERNING PRESENT DESIRE FOR RIGHTS TO ONE SCHEDULED AIR CARGO FLIGHT, RETAINING PRESENT UNSCHEDULED FLIGHT WITH FLEXIBILITY FOR ON- AND OFF-SEASON OR PEAKLOAD USE. WE BELIEVE THAT IF AEROLINEAS/GOA ARE NOT PREPARED TO REQUEST 747 SERVICE IN IMMEDIATE FUTURE, REQUEST FROM US SIDE TO USE WIDE-BODIED CRAFT WOULD UNBALANCE POSSIBLE DEAL IN A WAY IN WHICH REQUEST FOR CARGO SERVICE WOULD NOT, REPEAT NOT, DO. OF COURSE, THIS ALSO DEPENDS A GREAT DEAL UPON PAN AM'S READINESS TO AUGMENT CARGO SERVICE. WE UNDERSTAND PRESENT CAPACITY ALL LINES SERVING BUENOS AIRES/US ROUTES TO LIFT AVAILABLE AIR CARGO FAILS TO MEET DEMAND. ANY SUCH DEAL NOW WOULD POSTPONE TRADING OF WIDE-BODIED RIGHTS INTO FUTURE.

4. EMBASSY AND LOCAL REPS US AIRLINES SEE PRINCIPAL DIFFICULTY WITH PRESENTING PROPOSAL AS CONTAINED PARA 2, REFTEL C AS SETTING UP SITUATION IN WHICH ARGENTINES, HAVING GAINED NEW ROUTE RIGHTS IN MAY, 1973 (CO-TERMINALIZATION, WHICH IF WITHDRAWN NOW MIGHT INITIATE CONFRONTATION) IF THEY ADD DE FACTO FREQUENCY PARITY, MAY WIN A MAJORITY OF WHAT COMMODORE WITTE, THE HARDLINER, HAS STOOD FOR DURING PAST TWO YEARS. WE ANTICIPATE THAT SHOULD THIS PROVE TO BE THE CASE, IT WILL SERVE TO HARDEN ARGENTINE POSITION WELL INTO THE FORESEEABLE FUTURE. POSITION THEN WOULD BE THAT US AIRLINES WOULD AGAIN HAVE TO AWAIT AEROLINEAS' DESIRE TO ADD FREQUENCIES TO GAIN BARGAINING COUNTER.

5. EMBASSY THEREFORE SEES NEED TO INDICATE AGAIN TO THE ARGENTINES THAT USG VIEW IS: (A) THAT THE ARGENTINES RECEIVED MNN UNREQUITED BENEFIT IN MAY, 1973; AND (B) THAT ONLY CONCESSION OF FREQUENCIES REQUESTED BY US AIRLINES NOW CAN OPEN DOOR TO INCREASED RIGHTS FOR AEROLINEAS. WE COULD MAKE SECOND POINT OF THIS PRESENTATION ORALLY BUT BELIEVE THAT MEMORANDUM DELIVERED SHOULD CONTAIN LANGUAGE REFERRING TO OUR VIEWS ON ECONOMIC VALUE OF ROUTE-RIGHTS/CO-TERMINALIZATION GIVEN BY US IN MAY, 1973. IN FOLLOWING THIS RECOMMENDATION, HE WOULD BE GAMBLING LIMITED OFFICIAL USE

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THAT THERE IS NOW A DESIRE ON THE PART OF AEROLINEAS AND GOA TO INCREASE FREQUENCIES THAT IS SO STRONG THAT THEY WOULD SEEK AD HOC DEAL WITHOUT RENEWING POLEMIC ON SUPPOSED BENEFITS GIVEN TO US AIRLINES BY LIFTING SEAT RESTRICTIONS AND RAISING REGIONAL QUOTAS EARLY 1973. THE ADVANTAGE WOULD BE TO REMIND ARGENTINES THAT RESULTS OF DEVELOPMENTS IN 1972 AND EARLY 1973 ARE NOT SEEN AS EQUITABLE BY USG.

6. IN SUM, WHILE BELIEVING THAT US BASIC INTERESTS AND POSITIONS IN THE FUTURE MIGHT BE BEST SAFEGUARDED BY A REPEITION OR NEAR REPETITION OF US OFFER MADE MAY 9 (SEE STATE 94900), WE UNDERSTAND THAT US AIRLINES ARE ANXIOUS TO PROCEED TO SOME AD HOC SOLUTION IN NEAR FUTURE. EMBASSY BELIEVES PROPOSAL CONTAINED REF C, SUITABLY MODIFIED TO TAKE CARE OF POINTS MADE ABOVE CONCERNING WIDE-BODIED AIRCRAFT AND SCHEDULED CARGO FLIGHTS LIKELY TO RECEIVE RESPONSE FROM GOA WHICH WOULD MOVE TOWARD AD HOC ARRANGEMENT BUT IS ALSO LIKELY TO BRING DIFFICULT PROBLEMS IN FUTURE. WE BELIEVE PERTINENT POINTS HAVE NOW BEEN DEBATED SUFFICIENTLY BETWEEN POST AND DEPARTMENT AND ARE READY TO PROCEED WHEN PRECISE INSTRUCTIONS ARE SENT US. ALTHOUGH FOREIGN OFFICE CONTACTS HAVE NOT INDICATED ANY OFFICIAL IMPATIENCE, WE HOPE WE CAN BE PLACED IN POSITION TO PRESENT MEMORANDUM AND DISCUSS MATTER WITH THEM ON JUNE 21 OR 24.
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